(3)

No. 99-1681

Supreme Court, U.S.
FILED
MAY 31 2000
CLERK

In The

Supreme Court of the United States

WILLIAM S. PURDY,

Petitioner,

v.

BURLINGTON NORTHERN SANTA FE CORP., A Delaware Corporation, and BURLINGTON NORTHERN AND SANTA FE RAILWAY COMPANY, A Delaware Corporation,

Respondents.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Fifth Circuit

REPLY TO BRIEF IN OPPOSITION

JAMES THOMAS DIAMOND, JR.
Counsel of Record
492 Ninth Street, Suite 300
Oakland, California 94607
(510) 267-0900

FRIEDERICHS LAW FIRM
NORMAN P. FRIEDERICHS
100 South Fifth Street, Suite 1295
Minneapolis, Minnesota 55402

Attorneys for Petitioner William S. Purdy

COCKLE LAW BRIEF PRINTING CO., (800) 225-6964
OR CALL COLLECT (402) 342-2831

18 pp

TABLE OF CONTENTS

Page

ARGUMENT 1

RESPONDENTS' ASSERTIONS FAIL TO REBUT PETITIONER'S SHOWING THAT THE FIFTH CIRCUIT'S INTERPRETATION OF THE AMENDMENTS TO 15 USC § 1127 DIRECTLY CONFLICTS WITH THE SECOND CIRCUIT'S INTERPRETATION OF THE CURRENT VERSION OF THAT SAME PROVISION, AN IMPORTANT ISSUE AFFECTING COUNTLESS SERVICE MARK REGISTRATIONS 1

A. Respondents Fail To Challenge The Appellate Court's Findings That Petitioner Used the BNSF Service Mark in Commerce Consistent With the Services Identified In His Service Mark Registration 2

B. The Fifth Circuit's Ruling Directly Conflicts With Decisions Of Other Circuits On An Important Issue Of Federal Statutory Construction 3

CONCLUSION 6

TABLE OF AUTHORITIES

Page

CASES

Two Pesos, Inc. v. Taco Cabana, Inc., 505 U.S. 763 (1992) 5

United We Stand America, Inc. v. United We Stand, America New York, Inc., 128 F.3d 86 (2d Cir. 1997), *cert. denied*, 523 U.S. 1076 (1998)... 1, 3, 4, 5, 6

STATUTES

15 U.S.C.

§ 1114(1)(a)..... 5

§ 1127.....1, 4, 5, 6

MISCELLANEOUS

S.Rep.No. 79-1333 (1946), *reprinted in* 1946 U.S.C.C.A.N. 412 4

ARGUMENT

RESPONDENTS' ASSERTIONS FAIL TO REBUT PETITIONER'S SHOWING THAT THE FIFTH CIRCUIT'S INTERPRETATION OF THE AMENDMENTS TO 15 USC § 1127 DIRECTLY CONFLICTS WITH THE SECOND CIRCUIT'S INTERPRETATION OF THE CURRENT VERSION OF THAT SAME PROVISION, AN IMPORTANT ISSUE AFFECTING COUNTLESS SERVICE MARK REGISTRATIONS

Under the Second Circuit's construction of the current version of 15 U.S.C. § 1127 in *United We Stand America, Inc. v. United We Stand, America New York, Inc.*, 128 F.3d 86, 92-93 (2d Cir. 1997), *cert. denied*, 523 U.S. 1076 (1998), the level of commercial activity undertaken by a service mark registrant is irrelevant. Under this case, the only issue a court examining a challenge to the registration, like Respondent's challenge of Petitioner's registration here, is whether the services set forth in the registration have actually been performed in interstate commerce. The Fifth Circuit, in the ruling at issue here, on the contrary interprets the 1988 amendments to § 1127 to impose a commercial activity requirement on service mark registrants.

A writ should issue to resolve this important issue of federal statutory construction and to resolve this conflict in decision, which threatens the construction of § 1127 not only in *United We Stand* but in the numerous cases cited at pages 6-8 of the Petition which hold by implication that § 1127 does not prohibit Lanham Act protection or service mark registrations to non-profit, non-commercial and public service advocacy entities. Petitioner

respectfully submits that Respondents' contentions in their Opposition to the Petition fail to rebut these points.

A. Respondents Fail To Challenge The Appellate Court's Findings That Petitioner Used the BNSF Service Mark in Commerce Consistent With the Services Identified In His Service Mark Registration.

The Fifth Circuit found that "It is uncontested that Purdy has used the designation 'BNSF' to promote the cause of enhancing railroad safety and that he has used business cards, flyers, markings on his car, and other devices emblazoned with 'BNSF' for publicity purposes." App. 3. The Fifth Circuit also found that "For several years, Purdy has conducted information-gathering and -dissemination regarding railroad safety matters, . . . Purdy's profession has been that of advocacy, apparently on behalf of a worthy cause. While we do not belittle Purdy's activities, they do not demonstrate use of a service mark **in furtherance of a business intended to provide services for reimbursement**." App. 3 (emphasis added).[1]

Moreover, Petitioner does *not* contend that his company is a "non-profit" corporation, as Respondents contend throughout their brief in this Court. Petitioner has consistently contended that he performs his services for

---

[1] Respondents' attempt to distinguish cases cited by Petitioner, by contending that Petitioner's "use" of the mark was not as "extensive" as the use set forth in those cases, must fail. Resp. Brief at 15-17. The Court of Appeals found expressly to the contrary. App. at 3.

little or no profit motive to benefit the general public. *See* Petition at 4; Resp. App. at 4-5, 8-11 (Petitioner's Brief on Appeal). As Petitioner contended in the court below, "(Petitioner's) safety activities were used by Burlington engineers and others, in interstate commerce, to benefit the general public. BNSF company's safety activities provided safety information to literally thousands of interested persons throughout the United States and Canada, and not just 'friends' of Purdy. (A19-A22; A25-A26)" (Resp. App. at 5).

The appellate court's findings are consistent with the services identified by Petitioner in his service mark registration. *See* Petition at 3. Respondents have failed to demonstrate otherwise.

B. The Fifth Circuit's Ruling Directly Conflicts With Decisions Of Other Circuits On An Important Issue Of Federal Statutory Construction.

The Fifth Circuit holds, in a ruling which cannot be construed as *dictum* as contended by Respondents (Resp. Brief at 11), that Petitioner's profession of advocacy services is not sufficient to support service mark registration solely because he did not sell those services for reimbursement. App. 3-4. The Fifth Circuit's ruling is therefore directly contrary to the Second Circuit's ruling in *United We Stand*, 128 F.3d at 92-93, and the other cases cited by Petitioner. Petition at 6-8.[2]

---

[2] Petitioner also strenuously disputes Respondents' claim that the issues raised in this Petition were not raised in the Court of Appeals below. Resp. Brief at 7. First, in the excerpts of

The Second Circuit observed:

> The Lanham Act, enacted in 1946, prohibited unauthorized "use" of a trademark "in commerce." Lanham Act, July 5, 1946, ch. 540, § 32, *reprinted in* 1946 U.S.C.C.A.N. 412, 421. **The current version of 15 U.S.C. § 1127 provides,** in language unchanged since 1946, that "[t]he intent of this chapter is to regulate commerce within the control of Congress. . . . " It also asserts that " 'commerce' means all commerce which may lawfully be regulated by Congress." . . . It appears that "use in commerce" denotes Congress's authority under the Commerce Clause rather than an intent to limit the Act's application to profit-making activity.

Id. at 92-93 (italics in original; bold emphasis added). Bold emphasis is added to highlight Respondents' most bizarre claim in their brief. At pages 12 and 13 of their brief, Respondents claim that Petitioner manufactured citations in *United We Stand* to § 1127. *See, e.g.*, Respondent's Brief at 13 ("In *United We Stand*, **there is**

Petitioner's Brief in the court below set forth in Respondents' own appendix, it is clear that Petitioner has consistently argued that "in commerce" as used in § 1127 means only use "affecting commerce," and contains no commercial success requirement, the same points argued in this Petition. *See* Resp. App. at 8-9 (Petitioner cites McCarthy treatise for this exact point). Second, as Petitioner advised this Court in its Petition, Petitioner also raised these identical points in its Petition for Rehearing to the Fifth Circuit challenging the Fifth Circuit's ruling. Petition at 4-5; Reply Appendix at 1-9 (excerpts from Petition for Rehearing to Fifth Circuit and supplemental letter brief in support of rehearing petition filed by Petitioner).

absolutely no reference to 15 U.S.C. § 1127, the provision that Purdy claims the courts below improperly construed.") (emphasis added). Respondents' contention that *United We Stand* is inapposite to this case because it involved only § 1114(1)(a) is therefore entirely incorrect.[3]

There is simply no commercial activity requirement in either the legislative history or text of § 1127. *United We Stand*, 128 F.3d at 92-93. Therefore, the commercial activity level of the registrant is irrelevant. Entities with no commercial activity, entities solely commercial, or entities with limited commercial purposes, like Petitioner, are all equally entitled to service mark registrations if they perform the services in interstate commerce. *Id.*

---

[3] Section 1127 is captioned, "Construction and definitions; intent of chapter," and is expressly applicable to the construction of all sections of the Lanham Act, "unless the contrary is plainly apparent from the context," (*see* Petition App. at 13). Section 1141(1)(a) bars unauthorized use of a mark "in commerce" without any qualification on the term, "in commerce." Section 1127 is therefore relevant and applicable in *United We Stand* even if the court had not expressly relied on it.

Additionally, whether the courts in the many cases cited in the Petition at 6-8 do not expressly construe § 1127 is irrelevant, contrary to Respondents' contention. Resp. Brief at 14-15. These cases by implication clearly stand for the proposition that Lanham Act protection can be extended to entities that do not have a solely commercial purpose, the proposition for which Petitioner cited them in the first place. Moreover, Lanham Act protection can extend even to entities that have not registered their marks, contrary to Respondents' implication. Resp. Brief at 14 n.5. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 767-768 (1992). Section 1127 therefore may be applicable to non-registered marks owned by non-commercial entities.

Accordingly, the Fifth Circuit's construction of § 1127 is directly in conflict with the Second Circuit's construction of § 1127 in *United We Stand*, and the Fifth Circuit's reasoning directly conflicts with the numerous other cases cited in the Petition which hold that non-profit, non-commercial or public advocacy entities are entitled to Lanham Act protection or service mark registration. Because the Fifth Circuit's ruling threatens the service mark registrations of all but those entities with solely commercial activity, a writ should issue to resolve the conflict on this important issue of federal statutory law, namely, the interpretation of the 1988 amendments to the Lanham Act.

CONCLUSION

For all the reasons set forth in Petitioner's briefs, certiorari should be granted.

Respectfully submitted,

JAMES THOMAS DIAMOND, JR.
492 Ninth Street, Suite 300
Oakland, California 94607

FRIEDERICHS LAW FIRM
NORMAN P. FRIEDERICHS
100 South Fifth Street, Suite 1295
Minneapolis, Minnesota 55402

Attorneys for Petitioner
William S. Purdy

98-11485

IN THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL FIFTH CIRCUIT

BURLINGTON
NORTHERN SANTA FE
CORP., A Delaware
Corporation;

BURLINGTON
NORTHERN AND SANTA
FE RAILWAY COMPANY,
A Delaware Corporation

Plaintiffs-Appellees,

v.

WILLIAM S. PURDY, ET AL,

Defendants,

WILLIAM S. PURDY,
An Individual,

Defendant-Appellant.

APPEAL FROM DECISION OF THE U.S. DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS, FORT WORTH DIVISION CIVIL ACTION NO. 4-98CV-70A ENTERED ON DECEMBER 7, 1998 FROM JUDGE JOHN MCBRYDE

PETITION FOR REHEARING FOR DEFENDANT APPELLANT

Attorneys for Appellants

FRIEDERICHS LAW FIRM
Norman P. Friederichs
100 S. Fifth Street, Suite 1295
Minneapolis, MN 55402
(612) 333-0022

DIAMOND LAW FIRM
James T. Diamond, Jr.
660 Market Street, Suite 300
San Francisco, CA 94101
(415) 392-2800

WILLIFORD LAW FIRM
Ken Williford
120 W. Third Street, Suite 400
Fort Worth, TX 76102
(817) 335-4000

Attorneys for Appellees

THOMPSON & KNIGHT
Herbert J. Hammond
Veronica S. Lewis
1700 Pacific Ave., Suite 3300
Dallas, TX 75201-4693
(214) 969-1700

ISSUE

When determining the existence of "use in commerce" of a service mark for purposes of federal registration, is it error of law to consider only services for which payment has been made or must all services be considered.

STATEMENT OF FACTS

The court found that it accepted all of Mr. Purdy's factual allegations as true. These allegations included the following:

1. Purdy distributed the railroad safety information contained in flyers by placement on over 500 poster boards in restaurants, bars and the like throughout Wisconsin, North Dakota, Minnesota, Illinois, Indiana, New York, Iowa, South North Dakota, Minnesota, Illinois, Indiana, New York, Iowa, South Dakota, Nebraska, Colorado, New Mexico, Texas, Ohio, Pennsylvania, Massachusetts, Oklahoma, Michigan, Vermont, New Jersey, and Virginia.

2. Oral distribution of safety information in the following states Wisconsin, North Dakota, Minnesota, Illinois, Indiana, New York, Iowa, South Dakota, Nebraska, Colorado, New Mexico, Texas, Ohio, Pennsylvania, Massachusetts, Oklahoma, Michigan, Vermont, New Jersey, and Virginia.

3. Placement of Calcium Chloride on the run ways of railroad engines that traveled through many states in the midwest.

The court also found that "It is uncontested that Purdy has used the designation "BNSF" to promote the cause of enhancing railroad safety and that he has used business cards, flyers, markings on his car, and other devices emblazoned with the "BNSF" for publicity and advertising purposes."

The court reaffirmed the district court on the basis that:

> The record identifies only a handful of instances in which Purdy was paid anything of his services, and all of these incidents involved work performed for long-time friends. Nominal or token sales to personal friends do not constitute a bona fide commercial use of a trademark.

The court found that " . . . Purdy's profession has been that of advocacy, apparently on behalf of a worthy cause." The court in determining whether there were services provided in interstate commerce considered only the services that were paid for and did not consider services Purdy provided without charge.

ARGUMENT

Appellant, William Purdy, petitions for rehearing under Rule 40 FRAP on the basis of error of law applied in the decision. Trademark law does not require that services be sold. The giving away of services across state lines constitutes interstate commerce. The court's finding that Purdy's profession has been that of advocacy, apparently on behalf of a worthy cause is everything that needs to be found for sustaining a valid federal registration of Mr. Purdy's mark. There is no need for a sale. The Federal Circuit Court of Appeals has stated: "For some owners of marks, such as the American Red Cross with its well-known mark, there are no purchasers." *Electronic Design & Sales Inc. v. Electronic Data Systems Corp.* 21 USPQ2d 1388 (CA FC 1992).

* * *

The focus must be on whether Mr. Purdy carried out the services listed in his federal trademark registration,

namely did he gather and distribute information relating to safety on the railroads across state lines. J. McCarthy, *McCarthy on Trademarks and Unfair Competition*, § 19:37E. (2nd ed. 1989), states that interstate commerce may be either -the sale across state lines- *or* -delivery across state lines-. The court in fact has found that Mr. Purdy for several years has gathered and distributed the railroad safety information. These are the services identified in his federal trademark registration.

Considering trademarks in general, service marks run a complete spectrum of "free" vs. "charged" for services. . . . No funds need be involved to carry out the services claimed in the registration owned by Mr. Purdy. Commerce is not the exchange of money for services. The provision of services in an interstate transaction is interstate commerce. The placement of railroad safety information on bill boards (e.g., flyers posted on bulletin boards) in Wisconsin, North Dakota, Minnesota, Illinois, Indiana, New York, Iowa, South Dakota, Nebraska, Colorado, New Mexico, Texas, Ohio, Pennsylvania, Massachusetts, Oklahoma, Michigan, Vermont, New Jersey, Virginia, Ontario and Quebec in Canada, and Coahuila in Mexico is interstate commerce.

The courts have recognized that trademark registrations are not limited to organizations that sell products and/or services. In fact many owners of trademark registrations are primarily supported by donations of money and services *GUIDING EYES FOR THE BLIND, INC. v. GUIDE DOG FOUNDATION FOR THE BLIND, INC.*, 155 USPQ 462 (CCPA 1967); *HERO INC. V. THE BOOMER ESIASON HERO'S FOUNDATION INC.*, 43 USPQ2d 1193 (DC DC 1997); *BLINDED VETERANS ASSOCIATION V.*

BLINDED AMERICAN VETERANS' FOUNDATION, 7 USPQ2d 1731 (DC DC 1988).

This Court in fact has found that Mr. Purdy for several years has gathered and distributed the safety information under the designation of the mark "BNSF". The exact services identified in Purdy's U.S. Trademark Registration are: "testing of railroad equipment for others; collecting and providing information concerning railroad safety problems to the public, to governmental agencies and injured railroad employees". Quoting from the Court's decision, "For several years, Purdy has conducted information-gathering and -dissemination regarding railroad safety matters, but the record is bereft of evidence that he was engaged in trade or commerce using the "BNSF" mark. Instead, Purdy's profession has been that of advocacy, apparently on behalf of a worthy cause. While we do not belittle Purdy's activities, they do not demonstrate use of the service mark in furtherance of a business intended to provide for reimbursement." The Court commits serious err and writes new law when it states that Purdy must provide "services for reimbursement." and cannot provide public service. If the Court's new law were to be applied, most if not all public service, promotional, and educational service marks would have to be canceled. Under proper application of the law regarding service marks, Purdy is entitled to register his mark just as the numerous other individuals, groups of individuals, organizations, and non-profit organizations that provide educational, promotional, and public service information to individuals or the public are entitled to registration even though they have absolutely *no* sales of services for reimbursement.

* * *

FRIEDERICHS LAW FIRM, plc.

"Protecting Your Company's Most Valuable Assets"™

1295 Fifth Street Towers
100 South Fifth Street
Minneapolis, Minnesota 55402
(612) 333-0022
Facsimile: (612) 333-9198
e-mail : NFried1295@aol.com
Website: www.patentlit.com

December 29, 1999

Clerk of Court
Fifth Circuit Court of Appeals
600 Camp Street
New Orleans, LA 70130

RE: 98-11485 Burlington Northern Santa Fe Corporation et al. v. William S. Purdy USDC No. 4:98-CV-70-A

Sirs:

Subsequent to filing of the Petition for Rehearing Appellant discovered three cases that are of particular relevance in the court's consideration of the Motion for Rehearing. Appellant is submitting this information under Rules FRAP 28(j) and 28.5 FRAP 5th Cir. which permits a letter with succinct comment citing new cases for the court's consideration. It is requested that the court consider the following:

Marks for advocacy services qualify for protection under the trademark statute, e.g., Title 15. *United We Stand America Inc. v. United We Stand, America New York Inc.* 44 USPQ2d 1351, 1355 (2nd Cir 1997); *Committee for Idaho's High Desert Inc. V. Yost,* 39 USPQ2d 1705 (9th Cir

1996); *The Appleseed Foundation Inc. V. Appleseed Institute Inc.* 43 USPQ2d 1767 (DC DC 1997). The Ninth Circuit in *Committee for Idaho's High Desert Inc., Supra at p. 1705.*, characterized the services as "environmental education and advocacy."

The Second Circuit in *United We Stand America Inc. v. United We Stand, America New York Inc.* 44 USPQ2d 1351, 1355 (2nd Cir 1997) cited the *Committee for Idaho's* case and stated:

> The term "services" has been interpreted broadly. . . . [T]he right to enjoin infringement of a trade or service mark "is as available to public service organizations as to merchants and manufactures. (citations omitted) In support of this view, McCarthy comments that retention of a distinct identity [by a non profit organization that sells no goods] is just as important as it is to a commercial company." 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* Section 9:5 (4th ed. 1996) . . . . Similarly in Committee For Idaho's High Desert v. Yost, the court held that a non-profit organization engaged in dissemination of information about environmental causes via news releases, newsletters, and public advocacy was entitled to Lanham Act protection for its trade name even if it did not "place products into the stream of commerce." 881 F. Supp. 1457, 1470-71 (D Idaho

1995), Aff'd, 92 F.3d 814 [31 USPQ2d 1786] (9th Cir. 1996)

Respectfully Submitted,

Norman P. Friederichs, MN #32,128
FRIEDERICHS LAW FIRM
1295 Fifth Street Towers
100 South Fifth Street
Minneapolis, Minnesota 55402
Telephone:(612) 333-0022
Fax:(612) 333-9198
ATTORNEYS FOR DEFENDANTS-APPELLANTS

cc: Veronica Lewis